

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 /017 R

DRAFTED BY EXIM:RALBRIGHT:MS

APPROVED BY EUR/WE - EDWARD M. ROWELL

EXIM - MR. BEIM

EB/ORF - MR. SWART (SUBS)

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R 010018Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

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E.O. 11652:NA

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TAGS: EFIN, MEPD, PO

SUBJECT: EXIM AND SALE OF BOEING 747 TO TAP

REF: LISBON 5740

1. EXIM HAS AGREED TO AUTHORIZE A LOAN OF \$18.7 MILLION TO TAP AND TO GUARANTEE \$5.5 MILLION LOAN FROM PEFECO TO COVER THE UNPAID COSTS OF THE BOEING 747 TO ENABLE IT TO GET INTO IMMEDIATE SERVICE IN THE ANGOLA AIRLIFT. PLEASE NOTE THAT THE EXIM BANK LOAN IS \$2.2 MILLION HIGHER THAN PREVIOUSLY AUTHORIZED FOR THIS BORROWER AND THAT THE 8 INTEREST IT WILL CARRY IS A FULL POINT BELOW EXIM BANK'S CURRENT INTEREST RATE FOR 10 YEAR LOANS.

2. EXIM IS NOT RPT NOT WILLING GUARANTEE THE PRIVATE PARTICIPATIONS OF THE CHASE-MORGAN SYNDICATES. THESE SYNDICATES HAD PREVIOUSLY PROPOSED TO LEND \$22.5 MILLION DOLLARS WITHOUT EXIM BANK GUARANTEE. THEY HAVE ALREADY DISBURSED \$12.5 MILLION OF THIS.

3. CHASE HAS ADVISED THAT IT WILL BE ABLE TO PROVIDE
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\$8.2 MILLION OF PERMANENT FINANCING AND SOCIEDADE

FINANCIERA PORTUGUESA WILL PROVIDE \$5.5 MILLION.
AS A RESULT TAP WILL RECEIVE SOME CASH REIMBURSEMENT OF
AMOUNTS ALREADY ADVANCED, BUT NOT AS MUCH AS IF MORGAN
HAD REMAINED IN THE TRANSACTION.

4. ANY DISAPPOINTMENT OF TAP OR GOP SHOULD BE DIRECTED
TOWARDS MORGAN WHOSE DECISION NOT TO EXTEND PERMANENT
FINANCING IS RESPONSIBLE FOR TAP'S FAILURE TO RECEIVE
GREATER CASH REIMBURSEMENT. EXIM BANK FEELS IT HAS BEEN
AMPLY FORTHCOMING BY INCREASING ITS EXPOSURE AND ASSURING
THE EXPORT OF THE 747 AND THAT MUCH CREDIT IS ALSO DUE
TO CHASE. CHASE WILL USE ITS BEST EFFORTS TO RAISE
AN ADDITIONAL \$2.5 MILLION FROM BANKING COMMUNITY, BUT
CAN GIVE NO ASSURANCES THIS IS POSSIBLE WITHIN BRIEF
TIME CONSTRAINTS TO COMPLETE FINANCIAL PACKAGE. LEGAL
DOCUMENTS ARE BEING PREPARED BY EXIM BANK AND WILL BE
READY SOON. INGERSOLL

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Message Attributes

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